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ABSTRACT

Compensation in higher education is an inclusive term, since all the benefits associated with teaching, research, work with people, and work with knowledge might be included. But in terms of purchasing power it appears that compensation for work in higher education has lost ground against inflation. In contrast, wage and salary earners in many other nonagricultural industries have at least kept up. As a faculty member the responsibilities one chooses influence the comparative level of compensation one receives, along with a host of other variables. As for administrators, their compensation has also increased in recent years, with the same moderating effect from inflation. The sex of the recipient remains a powerful influence on level of compensation for administrators and faculty members in higher education, but ameliorative procedures are now in use to rectify this. It remains unlikely that a young person would pursue a career in higher education for the money. (Author)

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COMPENSATION IN HIGHER EDUCATION

David A. Trivett

What Is Compensation?

Compensation is an inclusive term that could embrace all forms of economic and noneconomic rewards a person might receive for work in higher education. Psychic gratification from relatively high social and professional status and the challenge of teaching are types of compensation for work in higher education. As Ingraham said in 1965, "the most important compensation of a faculty member is the opportunity to do pleasant and useful work under conditions that make it effective and to live in a community of scholars without incurring undue economic hardships for either himself or his family" (p. 3). Compensation also includes such benefits as office space, faculty club memberships, perhaps a parking place, and, particularly for faculty members, the opportunity to earn additional income by applying knowledge outside the institution (Furniss 1977, p. 2).

However, because noneconomic and noninstitutional sources of compensation have received only limited examination, "compensation" in this paper will refer only to the total collection of remuneration and benefits paid by an institution for the services of employees, for which monetary equivalents are usually calculated, including salary; and "salary" will refer only to the direct cash payment for those services.

Compensation as a Cost

Compensation is for individual effort, but it is also a *cost* to higher education institutions collectively and individually and is a major component of the general increase in costs that they have recently experienced. During the sixties, when inflation occurred at the rate of 1- to 1-½ percent per year, colleges and universities experience inflation in their costs of 4 percent annually (Halstead 1977, p. 12). From 1971 to 1973, a decline in the general rate of inflation occurred, but in 1974 and 1975 a substantial increase in prices was encountered. In that two-year period the rate of inflation for the general consumer was 21 percent, but for higher education it was 16.2 percent. In Halstead's judgment, colleges and universities "Partially isolated themselves from inflation in the general economy by restricting salary increases" (p. 12). Since higher

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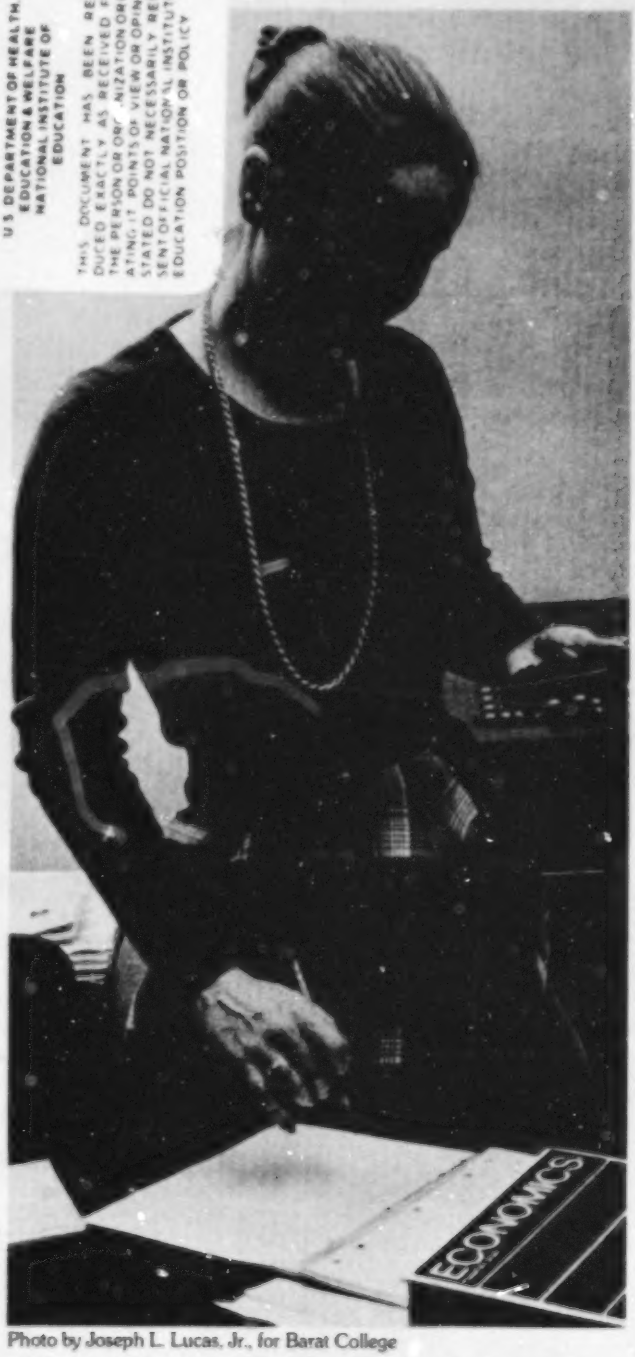

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education is a labor-intensive industry, where payroll costs are relatively high as compared with other industries, limiting increases in salaries and fringe benefits will help to moderate the effects of inflation:

> Since 1971, salaries paid faculty and other professionals have increased at an annual compound rate of 4.8 percent, substantially less than the 6.7 percent yearly inflation rate for the economy as measured by the Labor Department's Consumer Price Index. This year [Fiscal Year 1977] faculty salaries increased 4.7 percent while the CPI rose 5.8 percent. With faculty salaries totalling nearly $6.5 billion, this 1.1 percent difference meant savings to institutions of approximately $70 million in 1977 (p. 13).

In contrast to the annual average rate of increase in professional salaries of 4.8 percent, fringe-benefit costs (for all personnel in higher education) have increased by an average of 10.6 percent per year since 1971 while the total cost of compensation has increased an average of 6.1 percent per year. Yet the overall cost of operation for higher education each year has increased an average of 6.6 percent. Thus, while fringe benefits are costing more each year, the total cost of compensation has increased less on the average than has the general cost of operation (derived from Halstead 1977, p. 14).

Fringe Benefits

An important component of compensation is fringe benefits. The availability of these benefits varies widely from institution to institution and position to position, but some of the fringe benefits known to exist include: housing assistance (rental or mortgage); education privileges for faculty members and their families; a variety of health provisions, from health services to insurance plans; loans and emergency financial assistance; personal assistance, such as moving expenses; discount purchases; recreational and athletic facilities; free meals; cultural tours; retreats; investment assistance; leave, sabbatical and otherwise; travel expenses; clubs; parking; secretarial help; and benefits for retired faculty and widows (Ingraham and King 1965). Fringe benefits are perceived by Middleditch (1974, p. 172) as higher education's imaginative response to the unavailability of stock options and deferred profit-sharing.

Mean Fringe Benefit Expenditure for Full-Time Instructional Faculty, 1975-1976

Benefit	*Amount*
All Benefits[a]	$2,538
Retirement, Total	1,430
Vested	1,458
Nonvested	1,308
Hospitalization	345
Disability Insurance	77
Tuition Plans	737
Housing Plans	613
Social Security	784
Unemployment Compensation	66
Group Life Insurance	91
Workman's Compensation	52
Other	185

[a]Since not all institutions provide all benefits, this amount does not represent the total of other benefits.

A rough picture of the expenditures for various categories of fringe benefits can be seen in the mean expenditure for each full-time instructional faculty member on a nine- or ten-month contract at all U.S. institutions in 1975-76, as reported by Beazley from HEGIS data (1977, p. 4).

The "All Benefits" amount of $2,538 represents a three-year increase of 34.5 percent. "Hospitalization," one of the most common benefits, at $345 per faculty member, represents a 54 percent increase from 1972-73 to 1975-76 (Beazley 1977, p. 3).

Faculty Salaries and Compensation

Data on the salaries and compensation of faculty members is available from two major sources. One source is data assembled by the National Center for Education Statistics through the Higher Education General Information Survey (HEGIS). The data that follows were obtained in the fall of 1975 (Beazley 1977). The figures are gross generalizations—the mean salary of full-time faculty members at institutions in fifty states, and at all types of institutions—but they answer the question "What does the average college professor make for nine or ten months of work?"

In 1975-76 the average *salary* for all ranks combined was $16,634, a 6.6 increase from the previous year. Male faculty members earned $17,388 and women earned $14,292. However, there is a considerable spread of salaries across the ranks. The "average" full professor on a nine or ten-month contract earned $22,611 in salary; an associate professor earned $17,026; assistant $13,966; and instructor $13,682. In every category males earned more than women (p. 3).

The mean *compensation* for all instructional faculty on nine- or ten-month contracts in 1975-76 was $19,172, representing a three-year increase of 21.7 percent. This rate of increase was a compound of a 20 percent increase in salary and a 34.5 percent increase in fringe benefits; however, in the same three-year period the Consumer Price Index increased by 29.6 percent. Hence, the increase in faculty compensation actually represented a 7.5 percent less increase than the increase in cost of living (p. 5).

Greatest detail on changes in faculty salaries over the past twenty years has been provided by the AAUP salary surveys, conducted under the aegis of Committee Z. The most recent survey (No Progress This Year . . . 1977) was conducted in conjunction with the National Center for Education Statistics and based on returns from over 2,600 campuses, summarizes data on nearly 360,000 full-time faculty members. In 1977, Committee Z found that for faculty members continuing on the staff of the same institutions, salary increases averaged 6.7 percent over the previous year (p. 2). Since consumer prices increased on the average by 5.8 percent, this represented a real increase of about 1 percent; however, for faculty members nationwide at all ranks and all institutions, a 4.7 increase in average salary represented a 1 percent decrease in terms of constant dollars. For the same group, compensation increased 5.5 percent, leading Committee Z to conclude that slight decline in real purchasing power was evident, despite the apparent increases in salary and compensation.

Over a ten-year period, the compensation of the average faculty member has increased 80 percent in monetary terms; but the purchasing power of faculty compensation peaked in 1972-73 and has dropped at about 2 percent per year since then. As a result, the real purchasing power of faculty compensation has decreased by over 5 percent in ten years. In comparison with wages and salaries in other industries, the salaries of professors have steadily

declined since 1970-1971, rising only 70 percent as much as have salaries and wages in other industries. Similar figures obtain with faculty compensation. All monetary increases are illusory unless grounded against increases in cost of living. "Still, in purchasing power terms, the average employee's compensation is now worth 3.5 percent more than it was ten years ago, while the average faculty member's compensation is worth 5.5 percent *less* "(p. 3).

Committee Z figures also provide insight into the distribution of fringe benefits as a proportion of total compensation for faculty. The value of fringe benefits represents approximately 15 percent of salary for most ranks of faculty members. Thus, in 1976-77 the average compensation for all ranks on nine- to ten-month contracts was $20,670, of which $17,930 was salary and $2,740 fringe benefits. For the average professor, compensation was $27,540, comprised of an average salary of 23,930, and an average fringe benefit package valued at $3,610 (p. 6).

Influences on Faculty Salary Level

Average salaries and levels of compensation disguise the fact that faculty members are rewarded differently for performing different tasks. Recent scholarship has clarified why some faculty are paid more than others.

An American Council on Education survey of 53,000 faculty members at a variety of institutions in the U.S. in 1972/73 provides the basis for a study by Tuckman and Tuckman (1976) of the salary structure for faculty members in 72 disciplines at universities within the sample. Their analysis of the experience, personal characteristics, and salary of 15,238 *university* faculty revealed that, except for the assistant professor level, salary increases are highly related to the number of articles published. A full professor with more than 50 articles can be predicted to earn $5,500 more than his counterpart with no articles (p. 55). Book publication has a less clear effect on salary level. As far as work activity, faculty members with administrative responsibilities and those who identify their prime activity as research both earn more than those who self-defined activity is primarily teaching (pp. 58-60). There are also variations in reward to faculty by field, differences that may reflect the outside-the-university value of various disciplines.

Tuckman and Hageman (1976) analyzed the same data for differences between rewards to faculty members in economics and education, using a sample of 1,012 economics professors and 1,823 education professors, all of whom were full-time male faculty members at universities. Again it was evident that those who publish earn more in both fields, with slightly more reward for those who publish in economics. In neither case did the available indicators of "teaching skill" have a statistically significant relationship to salary. Tuckman and Hageman observe that the activities a faculty member chooses to emphasize does influence his "reward."

The Effects of Unionization and Collective Bargaining

Another question concerning compensation that has received recent scrutiny is, Do those faculty members who are represented by a union with collective bargaining rights receive higher compensation? In 1974, Birnbaum reported a study of changing faculty compensation levels between 1968-69 and 1972-73 at 88 matched pairs of institutions with and without collective bargaining. Institutions with collective bargaining agreements for faculty in 1968-69 had an average faculty compensation level $47 higher; by 1972-73 the difference was $824. Birnbaum concludes that collective bargaining does make a significant difference in faculty compensation level. Morgan and Kearney (1977) also studied the effect of faculty unionization on faculty compensation, duplicating the matching procedure employed by Birnbaum. They found that nonunion institutions were paying approximately $200 more in 1969-70, but by 1974-75 union institutions were paying approximately $625 more, with important differences by type of institutions. Most of the gains were at less comprehensive and private institutions; unionized professors at large public institutions actually lost ground in comparison with their nonunion colleagues (p. 34.) Morgan and Kearney also concluded that an increase in faculty salaries and benefits is associated with collective bargaining, but observe that the long-range benefits are not as certain, since a variety of elements determine salary levels in higher education.

Inequity in Compensation of Women

Many factors evidently influence the level of compensation a faculty member receives for work in higher education, including: rank; years of experience; possession of advanced degrees; orientation of the institution to teaching, research, or service; number and type of publications; *and sex*. Again using the ACE 1972-73 survey data, Bayer and Astin drew a random subsample of 2,500 men and women faculty members. Immediately apparent were qualifications traditionally regarded as influential: 30 percent of the males and 11 percent of the females were full professors; 24 percent of the females and 10 percent of the males were instructors; about one-third of the males had Ph.D.'s while only one-sixth of the women had doctorates (p. 797). When all these elements, such as rank, degree, years of employment, were controlled statistically, sex remained a statistically significant predictor of salary (the average difference in salary for men and women being $3,000 in that subsample). When equations used to predict salaries for men faculty members—which incorporated publications, rank, tenure, years of employment, advanced degrees—were used to predict salaries for women, salaries averaged $1,680 higher than actual for women full professors, and $600 higher than actual for "all faculty. The inequities in salary payment are most noticeable for women who have been in the system the longest. Inequities persist even if one disregards the bias inplicit in a system that rewards the functions men typically perform (research, publish) more than what women do (teach) (p. 801).

According to analyses presented by the AAUP Committee Z, there is little reason to think that significant progress has been made for women faculty members (*No Progress . . . 1977*, p.3). Women's salaries averaged about 5 percent less in 1976-77 and 5 percent less the previous year. The percentage of women in the top two ranks dropped from 33 to 28 percent (pp. 3,21).

Many approaches are available to identify and correct salary inequities due to sex or racial bias. Nevil reports that three major techniques can be used: (1) salary prediction using averages, where average salaries are compared; (2) multiple regression models, in which statistically generated equations are used to predict what an individual's salary might be; and (3) counterparting where each female employee is matched with a similarly prepared male worker and salary comparisons drawn (see also Bergmann and Maxfield 1975; Gould and Bok-Lim 1976; Scott [1977].

Administrative Salaries

Not as much data are available for administrator salaries in higher education as for faculty members. The most recent nationwide, level-by-level report on administrative salaries in higher education is in Mensel et al. (1977); however, the prior edition (Malott et al., 1976) offers more analysis of trends and comparison. Observations in Malott are based on returns from 1,138 useable responses to request for information from 2,723 institutions invited

to participate (p. 1). Administrators have also experienced an increase in salary, roughly a 13 percent increase for a two-year period similar to the increase in faculty salaries, with variations in the average for types of positions; for example, academic positions increased 12 percent, while student affairs positions increased 14 percent in two years. Sharp variations in the level of increase are evident for specific positions. In a two-year period, deans or directors of medicine experienced 24 percent increases in salary, directors of nursing a 20 percent increase (p. 8). In the two-year interval between surveys of administrator salaries, the benefits-to-salary ratio (benefits expressed as a percent of cash salary) also increased from 13.7 percent to 15.3.

Although the range of administrative salaries is enormous, some notion of comparative salaries is available. The median cash salary for a chief executive officer of a college or university (all sizes, all types of support) in 1975-76 was $34,800; chief academic officers earned a median salary of $27,500. However, three presidents earned an annual cash salary in excess of $70,000 and 101 earned more than $50,000, as did 13 chief academic officers (pp. 121-131).

As was the case with women faculty members, women administrators earn less generally than men administrators holding similar positions in similar institutions. The majority of individuals holding key administrative positions in colleges or universities are white men—79 percent, with white women holding 14 percent of the administrative positions, minority men 5 percent, and minority women 20 percent (p. 8). Based on the analysis of Van Alstyne and Withers (1977), who used data from 18,035 administrative employees of colleges and universities, it is apparent that women are usually paid about 80 percent of the total salary of male counterparts with the same job title in similar institutions. Furthermore, the higher the salary level of the position, the lower the percentage of women occupying the positions: only 4 percent of white women held jobs in the top salary quartile, yet 47 percent of white women held positions in the bottom salary quartile (p. 11).

Conclusions

Compensation in higher education is an inclusive term, since all the benefits associated with teaching, research, work with people, and work with knowledge might be included. But in terms of purchasing power, it appears that compensation for work in higher education has lost ground against inflation. In contrast, wage and salary earners in many other nonagricultural industries have at least kept up. As a faculty member, the responsibilities one chooses influence the comparative level of compensation one receives, along with a host of other variables. As for administrators, their compensation has also increased in recent years, with the same moderating effect from inflation. The sex of the recipient remains a powerful influence on level of compensation for administrators and faculty members in higher education, but ameliorative procedures are now in use to rectify this. It remains unlikely that a young person would pursue a career in higher education "for the money."

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